



Improving local government tax collection capacity evidence from Ghana

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In Ghana, Metropolitans, Municipal and District Assemblies (MMDAs) collect local revenue to complement central government transfers. However, MMDAs are increasingly over reliant on transfers.

This study sheds light on the root causes of low tax collection capacity in Ghana's MMDAs.

A survey was conducted among over 5,000 local government officials from 216 of Ghana's MMDAs to provide insight into their internal revenue generation.

The findings suggest lack of technology use in revenue mobilisation is a root cause of the low levels of IGF raised ; the cost of collection in most MMDAs is much higher than it should be, particularly for salaried revenue collectors ; cash payments are still all too prevalent in most MMDAs ; the fraction of properties that have valuations is still way too low ; residents are poorly informed about MMDA revenue collection and expenditures ; and district officials have somewhat inaccurate views about their residents' expenditure priorities.

The researchers outline best practices for local governments on the identification of revenue sources, tax collection technology usage, tax enforcement strategies, property valuation techniques and openness to improvements in tax collection capacity and new technologies.